COURSE MAP

MBA FINANCIAL ACCOUNTING

THERE IS AN ASSIGNMENT FOR THE FIRST CLASS!

SEE THE SESSION 1 ASSIGNMENT
Session Maps........................................................................................................................................... 4
Course Print Resources ............................................................................................................................... 5
Course Policies and Administrative Issues .................................................................................................. 6
  Introduction .............................................................................................................................................. 6
  Course Resources ................................................................................................................................... 6
  Course Goals ......................................................................................................................................... 6
  Guiding Principles ................................................................................................................................. 7
  Grades .................................................................................................................................................. 9
Exams ..................................................................................................................................................... 13
Group Assignments .................................................................................................................................. 13
  Group Membership ................................................................................................................................. 13
Written Reports ....................................................................................................................................... 13
Submitting Reports: 5:00 AM ..................................................................................................................... 13
Declining an Opportunity to Participate: 7:00 am ..................................................................................... 14
Preparation Tips ....................................................................................................................................... 14
Group Assignment Grading ...................................................................................................................... 15
Interim 360-Peer Assessment .................................................................................................................... 16
Class Participation During Group Assignment Sessions ............................................................................. 17
No Sharing Work Across Groups ............................................................................................................ 18
Clicker Points .......................................................................................................................................... 18
Suggested Learning Strategy .................................................................................................................... 18
Session Maps.......................................................................................................................................... 22
  Session 1: Course policies and the consequences of financial leverage .................................................. 22
  Session 2: Introduction to record keeping and reporting ........................................................................ 25
  Session 3: Group assignment 1 – Analyzing balance sheets (Mini Case) ................................................ 28
  Session 4: Introduction to Income statements and statements of changes in owners’ equity ................. 29
  Session 5: Record keeping and reporting related to income statements and statements of changes in owners’ equity ................................................................................................................ 31
  Session 6: Group assignment 2 – Analyzing Financial performance (Major Case) ............................... 34
  Session 7: Introduction to cash flow statements ..................................................................................... 35
  Session 8: Creating cash flow statements, R&R Map, and SCF Entry Map ........................................... 38
  Session 9: Group assignment 3 – Analyzing Cash Flow Statements (Mini Case) ..................................... 42
Session 10: Customer-related allowances: Bad debts and warranties.................................................. 43
Session 11: Long-term assets, long-term debt, and leases................................................................. 45
Session 12: Group assignment 4 – Recognition and measurement (Mini Case) ..................................... 48
Session 13: Group assignment 5 – Reflections .................................................................................. 49
# Course Schedule

<table>
<thead>
<tr>
<th>Session</th>
<th>Topics or Event</th>
</tr>
</thead>
</table>
| 1       | — Course policies and other administrative issues  
|         | — Introduction to balance sheets |
| 2       | — Introduction to record keeping and reporting |
| 3       | — Group assignment 1: Analyzing balance sheets and financial condition (mini case) |
| 4       | — Introduction to Income statements and statements of changes in owners’ equity |
| 5       | — Record keeping and reporting related to income statements and statements of changes in owners’ equity  
|         | — Exam 1 |
| 6       | — Group assignment 2: Analyzing financial performance (major case) |
| 7       | — Introduction to cash flow statements |
| 8       | — Creating cash flow statements, R&R Map, and SCF Entry Map |
| 9       | — Group assignment 3: Analyzing cash-flow statements (mini case)  
|         | — Exam 2 |
| 10      | — Customer related allowances: bad debts and warranties |
| 11      | — Long-term assets, long-term debt, and leases |
| 12      | — Group assignment 4: Recognition and measurement: Revisiting Kansas City Zephyrs (mini extension) |
| 13      | — Group assignment 5: Reflections |
|         | — Final exam |
Course Print Resources

All of the course materials are available on-line; however some students prefer hard copies of materials, especially the assigned exercises and texts. Click below for printable PDFs for the entire course, or alternatively, for each chapter.

**Entire Course:**
- [Entire Course Assigned Exercises](#) [pdf] 197 pages
- [Entire Course Chapter Text](#) [pdf] 73 pages (assigned pages only)

**By Chapter:**
- [Balance Sheets Assigned Exercises](#) [pdf] 41 pages
- [Toulmin Model of Argumentation Text](#) [pdf] 5 pages (assigned pages only)
- [Income Statements and Statements of Changes in Owners’ Equity Assigned Exercises](#) [pdf] 19 pages
- [Cash Flow Statements Chapter Text](#) [pdf] 8 pages (assigned pages only)
- [Cash Flow Statements Assigned Exercises](#) [pdf] 67 pages
- [Customer-Related Allowances Chapter Text](#) [pdf] 40 pages (assigned pages only)
- [Customer-Related Allowances Assigned Exercises](#) [pdf] 20 pages
- [Time to Reflect Assigned Exercise](#) [pdf] 3 pages

**Note:**

*Excel templates and exercise solutions are only found on-line. Go to the session in this Course Map to locate the link to the exercise web pages.*

*Also, all video web pages have posted slides and some have transcripts that you may also print.*
Course Policies and Administrative Issues

Introduction
This section describes the course resources, goals, guiding principles, grading processes, and learning strategies. We hope it will give you a sense for our commitment to our collective effort to make the course a rewarding experience.

The source of our motivation is the thought that during your careers you will collectively make decisions that will affect the flow of billions of dollars of resources and the lives of countless individuals, and that the quality of these decisions can be improved, in part, by what you learn in this course.

Course Resources

- **Course packet and text**: There is no course packet, nor is there a course text. The course materials are free and can be accessed on-line from this Course Map. Most of the exercises can be completed using paper or, alternatively, using Excel templates. Thus, depending on your learning style, you can have a paperless course or print select materials from the list on page 5.

- **Navigating Accounting®** videos, exercises, and related materials. Links to specific content will be indicated in this Course Map or in handouts. Here is the general web site: http://www.navigatingaccounting.com/

Course Goals

The course goals are the same as those stated in the Preface of *Navigating Accounting*:

1. To help you acquire a broad conceptual framework for understanding and preparing financial, managerial, and tax reports that will serve as a solid foundation for your career and other courses.
2. To help you become reasonably proficient at interpreting numbers in financial statements and assessing their usefulness for your decisions.

You can learn more about these goals by you reading the Preface at *Navigating Accounting*:


The goals can be met at several levels of proficiency that span a very broad continuum. While there are course performance standards, past experience suggests that most of you will be motivated more by your career goals and intrinsic interests than by grades.

Your individual goals will differ depending on several factors including your past experience and your career plans. We will respect and often admire these differences, even if you earn a lower grade than most of your classmates.
Guiding Principles

Here are some principles that will help you achieve the course goals. They are central to our teaching philosophy and have proven to be very beneficial in the past. If you have any questions about them, you can address them to us via email or set up an office appointment.

- **The course will be challenging but hopefully you will find it even more rewarding.** We teach tough, demanding classes, but we are committed to creating supportive learning environments that make it possible to set high standards. We take pride in the accomplishments of our students and provide opportunities for exceptional students to distinguish themselves. At the same time, we measure our success by how well we can take the entire class to the next level, trusting that our students are highly motivated and bring a wide range of skills and aspirations to our courses.

- **Working together, we can make the course a great learning experience.** We have spent countless hours over forty years thinking about ways to improve our teaching and along the way we have become pretty good. This is not bragging. Indeed, being pretty good after forty years of sleepless nights is rather humbling, especially because for most of these years we wanted to be great. However, somewhere along the way we realized we just don’t have what it takes to be great at anything on our own, and our shared experiences with our students are only great if everyone involved is fully committed to this end. This is our goal and we hope it is shared by the entire class. If so, we can create something extra special together.

- **Preparation and attitude are the two biggest success factors to creating a great learning experience.** Everyone involved must come to class as prepared as possible. This very detailed Course Map will help you do your part. Bringing a great attitude to class means showing up on time, focusing on and participating constructively in class discussions.

- **The exams will cover a significant amount of foundational material not discussed in class but covered in exercises.** This gives you an incentive to learn basic terms, concepts, and procedures largely on your own so we can pursue topics during class that will better prepare you for other courses, job interviews, and your career.

- **You will be graded on class participation.** Our responsibility is to increase your capacity and willingness to prepare for class and participate effectively in discussions. This is critical to the class’ success, and perhaps to your careers. In both endeavors, you will succeed to the extent you can organize your ideas concisely and convey them persuasively. For this reason, a portion of your grade is based on class participation (as discussed later). Our objective is to ensure that you are highly energized before class when you are preparing and relaxed during class when you need an environment that is “soft on people but hard on ideas.”

- **Our past experience suggests that if you spend several hours preparing and the class environment is intellectually vibrant, but not intimidating, you will want to participate.** If you are reluctant to express your ideas in front of groups, come by our office early in the course so we can help you develop a strategy to involve you in class discussions.
• **Confusion often precedes enlightenment.** Some of the homework assignments are very demanding and we fully expect most of you to come to class still struggling to gain closure and some of you to come totally confused. If you come to class prepared but confused, you may not feel comfortable, but there is a good chance you will leave with closure on most of the learning objectives. By contrast, if you come feeling comfortable but not prepared, you will surely leave totally confused.

• **Know what you don’t know.** A critical step in the learning process is to periodically assess what you don’t know and then seek help as soon as possible to ensure you don’t fall behind. It’s particularly important that students make these assessments before attending class. We will survey students or use Clickers at the start of most classes to identify places where we can best focus our collective efforts.

• **Your success in the course depends greatly on how effectively your group works together to advance everyone’s learning.** The class participation portion of your grade is based entirely on group work during sessions 2-13. During the sessions when there are group assignments (see the schedule on page 4), everyone in the group receives the same participation score (as discussed later). During the other sessions, your participation score will be based on your responses to Clicker questions. However, you will have time to consult with your group before responding. While group work directly affects the class participation portion of your grade, our past experience suggests it can have a big beneficial indirect effect on your exam scores: to the extent groups work effectively when preparing for class, their members tend to perform better on exams.

• **Learning is more important than grades, but the correct balance of grades and peer competition can improve your learning.** We recognize grades are important to you: they can significantly impact your career opportunities and your sense of fulfillment. They also can motivate you to work harder to attain your goals and provide valuable feedback on your progress. We have tried to create a comprehensive, transparent grading system that provides fair and objective evaluations, robust incentives and timely feedback.

So, what do we mean by learning is more important than grades? Three things:

• First, grades are not perfectly correlated with learning because exams and other evaluation methods are far from perfect sampling mechanisms. We try our best to ensure our exams, graded assignments, and participation evaluations are fair and comprehensive but we recognize the limitations of these assessments.

• Second, grades can help you land jobs; but ultimately your success in these endeavors and more generally the quality of your life depends on how much you learn.

• Third, grades tend to be correlated with learning within courses but they are not necessarily correlated with learning across courses. In particular, students frequently tell us they learned a great deal more in our course than they did in other courses where they received higher grades. We suspect you have had similar experiences.
Arguably, one of the key reasons students claimed they learned more is they were more motivated, both intrinsically by a desire to learn the material and extrinsically by an incentive to earn a good grade in a tough course. We believe you should be more motivated by a desire to learn than by grades and we are continually seeking ways to peek your interest in the course. In this regard, grades should be a small incentive relative to your desire to learn. You should view them as a push on the margin to ensure you perform effectively at peak capacity.

Grade pressure is pervasive in businesses where it is called performance evaluation. Designing incentive systems that optimally balance extrinsic performance incentives such as compensation with intrinsic incentives such as pride and satisfaction is currently one of the toughest management challenges. The notion that too much competition can hamper cooperation does not mean that competition should be eliminated in schools, nor amongst employees within businesses, nor amongst players on sports teams. Balancing competition and cooperation is one of the toughest challenges faced by managers, coaches, and college professors.

Similarly, designing an incentive system that balances grades and intrinsic incentives to learn is one of our most demanding challenges. While grades and exams can benefit your learning, experience suggests that faculty and students promote unnecessary angst and inappropriate behavior when we pay too much attention to them. Here are some guidelines to keep grades in perspective:

- We will try not to discuss exams and grades during class and request you do likewise. This document describes our grading philosophy and policies thoroughly. If you want to know more about these policies or your grade, drop by our office, or make an appointment to discuss these issues.

- Never ask “will this be on the exam?” We are not here to prepare you for exams. We are here to prepare you for your careers. We take great pride when we sense that you are learning with this end in mind, rather than to simply pass exams and get a credential. It is this pride, not our compensation, that motivates us to put more effort into teaching.

- You have the right to appeal the way your exams and class participation are graded and we encourage you to set up an office appointment when you feel there are material grading mistakes.

**Grades**

*Introduction—Balancing Competition and Cooperation*

The grading policy aims to raise the course bar, and thus learning, by balancing incentives to compete with even greater incentives to cooperate. The top grades (A, A-, and B+) are based on relative performance and, in particular, how well students perform relative to the performance of the student who ranked at the tenth percentile from the top. This student’s course score (out of 100 points) sets the course bar for everyone else’s grade. In Phase-1 of the grading policy, any student with a course score greater than or equal to this benchmark score receives an A and other students receive A- or lower depending on how close their course scores are to the benchmark.
While, this course bar is determined by competition and only 10% of the class will have an A by the end of Phase 1, the remaining Phases allow students to improve their Phase-1 grades and encourage cooperation. In fact, in principle, the entire class could have an A by the end of Phase 2. Additionally, Phases 3 and 4 provide opportunities for students to improve their Phase-2 grades.

While the top grades (A, A-, and B+) and Phases 1-3 are based on relative performance, Phase 4 is based on absolute performance: Students can earn a B- or B in the course (depending on their Phase 3-grade) by demonstrating on the comprehensive final exam that they have attained a reasonable level of mastery of the basic concepts.

Importantly, a student can improve his or her grade in Phases 2-4 without another student’s grade being lowered. This is not a zero sum game. Indeed, classes that work cooperatively to improve their collective learning tend to have more top grades.

**Course Scores**

Course scores out of 100 points have the following components:

- First exam (20 points)
  - Questions with unique correct answers
  - Open-ended questions requiring analyses similar to group assignments
- Second exam (20 points)
  - Questions with unique correct answers
  - Open-ended questions requiring analyses similar to group assignments
- Final exam (40 points)
  - Questions with unique correct answers
- Class participation
  - During group-assignment discussions (10 points)
  - During other sessions, based on responses to Clicker questions (10 points)

Historically, the exam scores have had a much bigger impact on course grades than the class participation scores because the spread on the exam scores has been much larger.

We will provide additional details about the course-score components later.

**Phase 1 — Setting the Bar**

As indicated earlier, at the end of the course, grades are initially determined relative to the **Tenth Percentile Course Score (TPCS)**. This benchmark is determined by first ranking the course scores from highest to lowest for the sections we are currently teaching – the class size – and then selecting the score that is 10% of the way down the list. If 10% of the class size is a decimal, we round up to the next whole number. For example, if there are 88 students, the TPCS is the 9th highest score.
Grades are initially assigned based solely on cut-offs that are the percentages of the TPCS illustrated in the second column of the table on the next page: 100% of the TPCS is the cutoff for an A, 96% of the TPCS is the cut-off for an A-, and so on.

The second partition of the table provides an example where the TPCS is 90.9. If the class size is 88, this is the course score of the student with the 9th highest score. In this case, students with course scores between 83.628 and 87.264 would have a B+ Phase-1 grade (where the lower bound, 83.628, is 92% of the 90.9 TPCS and the upper bound, 87.264, is 96% of the 90.9 TPCS).

<table>
<thead>
<tr>
<th>General Rules</th>
<th>Example</th>
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<tbody>
<tr>
<td>A TPCS ≤ Course score ≤ 100</td>
<td>A 90.9 ≤ Course score ≤ 100</td>
</tr>
<tr>
<td>A- TPCS * 96% ≤ Course score &lt; TPCS</td>
<td>A- 87.264 ≤ Course score &lt; 90.900</td>
</tr>
<tr>
<td>B+ TPCS * 92% ≤ Course score &lt; TPCS * 96%</td>
<td>B+ 83.628 ≤ Course score &lt; 87.264</td>
</tr>
<tr>
<td>B TPCS * 86% ≤ Course score &lt; TPCS * 92%</td>
<td>B 78.174 ≤ Course score &lt; 83.628</td>
</tr>
<tr>
<td>B- TPCS * 74% ≤ Course score &lt; TPCS * 86%</td>
<td>B- 72.720 ≤ Course score &lt; 78.174</td>
</tr>
<tr>
<td>C TPCS * 38% ≤ Course score &lt; TPCS * 74%</td>
<td>C 67.266 ≤ Course score &lt; 72.720</td>
</tr>
<tr>
<td>F Course score &lt; TPCS * 38%</td>
<td>F Course score &lt; 67.266</td>
</tr>
</tbody>
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Providing the course scores are distributed similarly to prior years, the percentages in the second column that are multiplied by TPCS to determine the initial grade cutoffs will ensure: (1) the grades will be consistent with grades for recent years and (2) the grades will be consistent with the department’s grading guidelines.

**Phase 2 — Adjusting for Possible Measurement Errors**

A valid argument against assigning grades based solely on Phase 1 is the “clone” argument: If all students were clones and performed identically throughout the course but their course scores still differed because of measurement error, only 10% of the class would receive A’s. Thus, 90% would end up with a grade lower than they deserve. Phase 2 addresses this concern by allowing a two point margin for measurement error.

More precisely, if your course score is within two points of the average course score of students whose Phase-1 grade is one level above yours; your Phase-2 grade is adjusted upwards to one level higher than your Phase-1 grade. Otherwise, your Phase-2 grade is your Phase-1 grade.

Continuing the example in the above table, suppose the average course score of students who received an A- Phase-1 grade is 88.5 and your course score is 86.7. Because your course score falls between 83.628 and 87.264, your Phase-1 grade is a B+. However, because your course score of 86.7 is within 2 points of the 88.5 average score of the students with an A- Phase-1 grade; your Phase-2 grade is an A-.

This adjustment for measurement error means that in principle all students can earn an A.
**Phase 3— Adjusting for a Strong Finish**

Throughout the course, concepts progressively build on each other. Accordingly, if you perform significantly better on the comprehensive final exam than on the earlier exams, it’s likely that your final exam score is a better indicator of your mastery of the course concepts than your earlier exam and class participation scores. There are two ways you may be rewarded for this strong finish: First, the final exam is worth twice as much as the other exams, 40% versus 20% of the course grade. Second, your Phase-2 grade might be adjusted upward one level. Specifically, if your final exam score is greater than or equal to the average final exam score of students whose Phase-2 grade is one level above yours; your Phase-3 grade is adjusted upwards to one level higher than your Phase-2 grade. Otherwise, your Phase-3 grade is your Phase-2 grade.

Recall from the earlier example that we assumed your course score is 86.7 and your Phase-1 grade is adjusted upward one level from B+ to A- in Phase 2 because your course score is within 2 points of the average course score of students with an A- Phase-1 grade. To extend this example, let’s assume you perform fabulously on the final exam relative to students with an A Phase-2 grade: your score is 38.5 out of 40 and the average score of students with an A Phase-2 grade is 37.5. In this case, your Phase-3 grade is adjusted upwards one level to an A.

The course grade for students with a Phase-3 grade of B or higher is their Phase-3 grade.

**Phase 4— Adjusting for Mastery of Basic Concepts**

As discussed thus far, the top grades (A, A-, and B+) are based on relative performance, adjusted for measurement errors and a strong finish. However, some students perform poorly on the first two exams, often, with hindsight, because they devote far too much time and energy trying to understand the most challenging topics and not enough time mastering the basics. Our goal in Phase 4 is to give students who performed poorly on the first two exams an incentive to master the basic concepts for the final exam. Specifically:

- The final exam questions will be explicitly identified as to whether they test basic, intermediate or more challenging concepts and applications, with approximately 10 of the 40 possible points allocated to basic questions, 20 more to intermediate questions, and 10 to more challenging questions. The final exam announcement will explain the types of questions that fall in each category.
- If students with Phase-3 grades below B- earn 60% or more of the points allocated to basic questions; their Phase-4 grade will be adjusted upwards to a B-. This will also be their course grade.
- If Students with Phase-3 grades of B- receive 70% or more of the points allocated to basic questions and 60% of the points allocated to intermediate questions; their Phase-4 grade will be adjusted upwards one level higher to a B. This will also be their course grade.

**Unlikely Adjustment for Collusion**

In the highly unlikely event the entire class colludes to ensure everyone gets 0 course points or another artificially low score, grades will be assigned based on the previous year’s course-score cutoffs. This means
everyone receives an F. The consequences will be similar if the class attempts to collude in this way and a single student defects: that student will receive an A and everyone else an F. You now know why we are confident this rule will never need to be enforced.

**Exams**

Three exams constitute 80% of the total course score. Prior to each exam, we will distribute an announcement to clarify expectations and help you successfully prepare for the exam. All exams are comprehensive and *may include questions similar to assigned exercises and practice exercises that were not discussed in class.*

**Group Assignments**

Group assignments and, more specifically, class participation scores during sessions when group assignments are discussed, directly determine 10% of the total course score. Group assignments also affect another 20% of the course score indirectly: approximately 20 of the 80 exam points center on open-ended questions similar to those in the group assignments.

**Group Membership**

The groups for the five assignments are those set by the MBA Program during orientation.

**Written Reports**

Groups must submit written reports by 5:00 AM on group assignment days following the directions given later. These will not be graded but there are two reasons you should be motivated to put forth your best effort. First, writing up your analyses clearly and concisely will prepare everyone in your group to participate effectively during the class discussions. Second, we will read enough of the reports carefully to identify 2-3 relatively strong submissions and distribute them (anonymously) with detailed margin comments via email to groups that meet the submission deadline specified later. (We suspect all groups will meet this deadline.) You can use these benchmark reports to identify ways your group can perform better on subsequent group assignments. You can also use them individually to help prepare for similar questions on the first two exams. In particular, these exam questions will be graded both on the strength of the arguments but also on the extent to which they are presented clearly and concisely.

**Submitting Reports: 5:00 AM**

Submit your group reports via email *before 5:00 AM on the group assignment due date.*

- Choose a group member to be responsible for emailing the assignment.
- This group member should submit an email with attachments containing the group’s responses to the assigned questions. See the Session Maps for related details.
  - The email subject should be Graded Assignment [assignment number]: [group member’s name].
  - **CC all members of the group.** This will allow us to distribute the benchmark reports to each group member using “reply all.”
Prior to 7:00 AM, we will confirm receipt of this email via return email using “reply all.” This will ensure all group members will be notified, providing they were CC’d on the submission as indicated above.

If you submitted your report prior to 5:00 AM as directed and your submission is not confirmed by 7:00 AM, submit it again prior to 8:00 AM and notify us via phone to be doubly sure we get it. 

**Generally, groups who submit reports after 8:00 AM will not receive benchmark reports.**

### Declining an Opportunity to Participate: 7:00 am

To allow for absences, tardiness, and unusual circumstances that would make it difficult for individuals to prepare adequately for the assigned questions or otherwise hinder their performance, each student has one free pass – an opportunity during the course to elect not to be included in the random selection procedure (described later) without any negative consequences on the participation scores he or she and others in his or her group receives.

However, students must inform us that they will be absent or otherwise not participating in the random selection via email no later than 7:00 AM on the day the assignment is scheduled to be discussed in class. **The participation scores of students who do not notify us by this time and the scores of others in their group will be reduced significantly if these students are subsequently selected to answer an assigned question and they are late for class, absent, or not prepared to give a respectable performance.**

Students can elect not to participate in the random selection more than once but they must notify us no later than 7:00 AM on the assignment due date. If they notify us in time, their participation scores (but not those of others in their group) will be reduced but this penalty will be considerably smaller than the one they and others in their group will receive if they don’t notify us, are subsequently selected to open the discussion, and are late for class, absent, or not prepared to give a respectable performance.

### Preparation Tips

**Develop and Continually Refine Your Process**

There is not a one-size-fits-all process for completing the group assignments and preparing to present and defend them during class. Some groups have found it beneficial to meet at least twice for each assignment (or otherwise communicate as a group via email or phone):

- During the first meeting, divide the assignment into parts and assign these to various group members or subgroups. In this way, everyone doesn’t need to complete all of the assignment on their own. If some parts are prerequisites for others, be sure to schedule delivery dates for the prerequisite parts that are early enough to ensure the assignment can be completed on time.

- During the second meeting, check the quality of each other’s work and combine and integrate your answers into a cohesive analysis.

Other groups have successfully followed a different process: Rather than splitting the work up and working separately before getting back together to combine their work, these groups have preferred to work through the entire assignment together. This strategy might be particularly appropriate for the mini cases, because you don’t need to spend time researching a wide range of sources for related information: your responses must be based on information in the case and concepts covered thus far in the course.
Learn from Each Other
Regardless of the process you follow, be sure to incorporate a strategy for ensuring everyone in the group is prepared to explain the group’s analyses and thoroughly understands related concepts, procedures, and processes. The primary reason we randomly draw a student to represent the group is to give groups an incentive to participate in this sharing of knowledge. We also ask exam questions on concepts and procedures introduced or refined in the assignments, which is another reason to share what you learn.

Explaining something to other group members doesn’t mean they grasp it well enough to explain it during class. After someone in the group explains something, we recommend a couple of other group members share their interpretations of what they heard or suggest alternative explanations. Viewing the same thing from different perspectives generally provides a deeper understanding.

Capitalize on Your Strengths and Mitigate Your Weaknesses
Understanding group members’ strengths and weaknesses, coordinating work effectively to ensure the group capitalizes on members’ strengths and helping each other mitigate weaknesses is essential for success. This requires clear and honest communication of strengths and weaknesses and a strong commitment to meeting deadlines and building a highly effective group. Here are some critical areas where group members can contribute: writing skills, analytical skills, computer skills, organizational skills, research skills, and, of course, accounting skills and general business knowledge.

Bring Appropriate Supporting Documents to Class
Generally, students find they need electronic or hard copies of the following to participate effectively in the class discussions, with most students preferring hard copies:

- The assigned questions and your written report.
- Source documents that are not in your report but might be referenced during class. For example, the financial statements and referenced footnotes for companies in the Excel template.

Group Assignment Grading
Group assignment participation scores out of 10 course points are determined by a 3-step process:

Step 1—Determine the group’s raw score out of 10 for each assignment
A group can earn a maximum of 10 raw (un-scaled) participation points on each of the five assignments. If groups prepare as well as they have in past years, most groups will earn 8-9 points; a couple of groups that perform exceptionally well will earn 10 points; and a couple more will earn 5-7 points, typically because they didn’t get good opportunities to participate. We will take several steps to balance the participation opportunities across groups and, as described next, drop the lowest score.

Step 2—Determine the group’s baseline score out of 10 course points
The group’s baseline score out of 10 is the sum of the group’s best four scores (out of 10) for the five graded group assignment sessions multiplied by 10/40.
Step 3— Determine each group member’s assignment score out of 10 course points

Members of the same group can have group assignment participation scores that are less than, equal to, or greater than the group’s baseline score determined in step 2, depending on their contributions to the group’s performance. Each member’s score is the lesser of 10 (the maximum score) and the group's baseline score multiplied by the member’s final 360-peer assessment factor. This factor is determined in 4 steps:

3.1 Each student is required to submit a completed confidential 360-peer assessment form at the start of Session 13 that evaluates each of their group member’s overall contribution during the course on a scale from 0 to 100. This includes assessment of their own contributions. The score for each member should reflect an assessment of the combined contributions to all group work: Excel files, written reports, and class discussions.

3.2 Each member’s total assessment score is determined by adding the assessments of this member by all members of the group. For example, six scores will be totaled for each member in a six-member group.

3.3 For each group, the average of the total assessment scores in step 3.2 is determined. For example, for a six-member group, six totals (one per member) will be averaged.

3.4 A member’s 360-peer assessment factor is determined by dividing the individual member’s total assessment score by the average assessment score for the group. Thus, if the member’s contribution is assessed by the group to be above (below) the group average, the member’s assessment factor will be greater than (less than) 1.

As indicated earlier, each member’s group assignment score is the lesser of 10 (the maximum score) and the group’s baseline score multiplied by the member’s final 360-peer assessment factor. (This score will be reduced by 2 points if the interim 360-peer assessment described below is not submitted.) Thus, the 360-peer assessments can significantly affect members’ assignment scores and reflect members’ level of contributions to the group’s overall performance. This said, rarely are the scores dispersed very much within groups because most groups work very effectively together.

Interim 360-Peer Assessment

To help groups identify potential problems and otherwise improve performance during the course, each group member must submit a completed confidential interim 360-peer assessment of their group’s members at the start of Session 5. Failure to comply will result in a 2 point deduction to a student’s group assignment participation score out of 10 course points. Otherwise these interim assessments will not affect grades.

To be effective, both the final and interim assessments must be based on thoughtful, honest reflection. This is more likely to occur when members expect the 360-peer assessments will remain strictly confidential. To this end, we will confidentially distribute only the following information to each group member: (1) his or her 360-peer assessment factor and (2) the distribution of the groups’ assessment
factors (without identifying individual group members). We expect group members to respect this confidentiality by not sharing their 360-peer assessment factors with others.

Groups should discuss the distribution of their group’s interim assessment factors (without connecting them to individual group members) with the goal to improve performance. For example, a wide dispersion of factors may signal real or perceived imbalances in members’: (1) share of the workload, (2) ability to comprehend accounting concepts, search for or analyze information, write reports, or present findings, (3) availability for meetings, (4) respect for one another, or (5) other issues that affect communication or collaboration. Regardless, groups with or without a wide dispersion of assessment factors may also want to discuss ways to improve performance based on more effective or efficient processes.

Past experience tells us that when issues are not addressed and resolved, group performance gradually deteriorates. By contrast, when groups have honest and respectful conversations that address issues in a timely manner, their performance improves significantly and group work becomes more enjoyable. If your group would like us to help you identify problems and develop solutions, we will gladly meet with you.

**Class Participation During Group Assignment Sessions**

Here is the process we will follow during group assignment sessions:

- Numbers on Bingo balls will be assigned to groups prior to class, with more numbers assigned to groups that have been selected fewer times in the past. For the first assignment, this procedure guarantees that every group has the same probability of being selected. Thereafter, the probability of being selected decreases the more a group has been selected previously.

- For each part of a question to be discussed during the class, a group will be randomly selected by drawing a Bingo ball from a cage. No group can be selected twice during the same class unless all groups have been selected at least once.

- Within the selected group, a student will then be randomly selected to represent the group by the toss of a die. The group’s participation score for this part of the assignment will be based solely on this student’s participation. No one else in this group can address this question thereafter.

  *Contrary to what you might be thinking, students who have participated in this process in the past have generally agreed that being randomly selected to represent your group is not an intimidating experience: the group knows the questions in advance and everyone works together prior to class to make certain that everyone is ready to participate if selected. This is an example of how preparation promotes confidence and success!*

- By contrast, when there is enough time, other groups can volunteer to correct or elaborate on answers provided by the selected group representative. By doing so, they can earn group participation points without foregoing the opportunity to be selected randomly for another part of the assigned question. However, groups must rotate their representatives such that a specific student can not represent the group again until all group members have had a turn.
The individual who will represent his or her group for the first part of the first question will be selected 5-10 minutes before class. This will give this person an opportunity to discuss the group’s answer to this part of the question.

**No Sharing Work Across Groups**
You can’t share information across groups when preparing your responses to the group assignments. Doing so is considered cheating. Any violation of this policy will be considered a violation of the honor code and to ensure fairness to students who comply with the policy, we will do everything possible to ensure such actions have grave consequences.

**Clicker Points**
Participation scores based on your responses to Clicker questions during non-group assignment sessions constitute 10 of the course points (out of 100). You will generally address the same Clicker question twice. You can't discuss the question with others before submitting your first response. It will not be graded but it plays a big role in your learning. Most importantly, it will help you assess yourself – to know what you don’t know, which is a key step in the learning process. Before we announce the correct response and before you submit your second response, you can consult with your group. This process, called peer learning, is where highly effective groups reap the benefits of collaboration. The response you submit after consulting with your group need not agree with those submitted by others in the group. However it will be graded and you will receive 1 raw point for a correct answer. At the end of the course, the raw points are combined and scaled to a maximum of 10 possible course points.

Clickers will be used during most non-group assignment sessions, so please bring your clicker to these sessions.

**Suggested Learning Strategy**
The recommended learning strategy for each session follows a 7-step process:

1. **Session Maps**
The session maps herein are highly detailed navigation aids that will help you lay out step-by-step directions to locate, prioritize, and use the related resources. Trying to find your way through the course without using the session maps is like trying to find a street in a major city without directions: you will soon be hopelessly lost if you do not follow the maps!

2. **Assigned Readings: Levels of Intensity**
You will prepare for the assigned exercises for some sessions by watching videos and for others by reading printed text. For those sessions with assigned readings, pay attention to the recommended level of intensity:

   • **Skim**: indicating that you should try to see the big picture - pick up the essential vocabulary and understand the basic issues,
   • **Grasp**: indicating that you should try to understand the computations and concepts underlying the issues,
• **Master**: indicating that this material is extremely important so you should try to comprehend it as fully as possible before moving on to the next task,
• **Optional**: indicating that you should only read this material if you find it interesting.

3. **Assigned and Practice Exercises**
Try to complete the assigned exercises on your own before they are discussed in class, being careful not to get bogged down on any one of them. On-line solutions are available for most of them at NavigatingAccounting.com. You will be directed to these in directions included with the exercises. After the assigned questions are discussed in class, try to find time to refine your understanding by tackling practice exercises (listed in the Course Map adjacent to the related assigned exercises).

4. **Check with Friends**
If you have time before class, check your solutions with friends, your group, or with others via the on-line forum. However, make sure you spend considerable time trying the questions on your own before doing so. Also, recall that students can’t discuss graded group assignments outside their groups before the assignments are discussed in class.

5. **Come Prepared To Participate**
Come to class ready to participate in the class discussion. If you follow steps 1-4 diligently, you will be prepared to participate. Do not be concerned with whether you have the correct answers to the questions. You and your classmates will often learn more from “representative” wrong answers than from correct ones, as we work together to sharpen your understanding.

6. **Gauge Your Progress**
After class, take a few moments to gauge your progress. We will often help you complete this self-assessment by summarizing the key points you should have mastered by a certain point in the course and the ones that will be refined later.

**Accounting is not a spectator sport: Get in the game!**
Generally, a distinguishing feature of students who excel in the course is they discover what they don’t know in time to take corrective actions before exams. By contrast, students who struggle with the course often discover what they don’t know when their exams are returned.

There are two important steps to discovering what you don’t know: First, try exercises on your own without referencing related readings, videos, or solutions. This doesn’t mean you shouldn’t reference related materials when you first try exercises. Rather, when it comes time to discover what you don’t know, you need to try the exercises without these resources. Second, compare your answers to the solutions: identify places where they differ, including those that may seem insignificant to you.
To take corrective actions, first ask yourself whether, after checking the solution, you know what you did wrong. If so, make a mental note to avoid the error next time you try a practice exercise. If you don’t understand the solution, reread related examples in the text or watch related menu items in the scenic route videos. If you are still confused, it’s time to get help from classmates, the teaching assistants (TAs) or the instructors.

7. Get help from others

The illustration on the next page outlines a three stage process for getting help from others.

- First, check the on-line forum. There may already be postings that address your concern. If not, ask for help by explaining the challenges you are confronting as clearly as possible.
- Second, attend a help session that covers topics where you are having difficulties.
- Third, if you still find yourself falling behind after participating in the on-line forum and help sessions or otherwise wish to discuss a strategy to improve your performance, set up a private office appointment with the instructors: send an email suggesting three possible times we could meet. We will choose one and inform you of our choice or seek additional alternatives.

You can also schedule an office meeting to discuss topics that are beyond the scope of the course. In contrast to the office meetings where we discuss private issues, the sessions that address topics that are beyond the scope of the course are open to any students who wish to attend.
GETTING HELP

PARTICIPATE IN ON-LINE FORUM

Faculty Roles
- Post responses to questions posed by students that have not been responded to within 48 hours
- Correct or clarify student postings
- Pose questions students can address
- Survey students to identify topics where additional help is needed

Student Roles
- Post questions
- Post responses to other students’ questions
- Post alternative approaches to explain concepts or exercises
- Suggest topics for TA help sessions
- Participate in polls to help TAs pick topics for help sessions

ATTEND TA HELP SESSIONS

TA Roles
- Elaborate on concepts and exercises discussed during class or in the on-line forum.
- Cover topics proposed by students in the on-line forum.
- Respond to additional questions posed by students during TA sessions.

Student Roles
- Suggest topics for TA help sessions
- Participate in polls to help TAs pick topics for help sessions

MEET WITH FACULTY

Group Lunches
- Get to know each other
- Discuss ways to improve course
- Discuss group dynamics

Open Office Sessions
- Extend the course—discuss accounting-related issues outside the scope of the course
- Private Office Sessions
- Discuss grades or strategies to improve your performance
Session Maps

Session 1: Course policies and the consequences of financial leverage

Navigating Accounting Videos
Here and throughout the course, you will be linking to videos and exercises at NavigatingAccounting.com:

- **Express videos** are executive summaries. View them to get the big picture prior to starting the exercises.
- **Scenic videos** are in-depth discussions of topics. View these if you find you need more detailed explanations to complete the exercises or if you seek a more comprehensive understanding of concepts or real-company applications.
- Use the video menus to go directly to a topic for a quick review or for help with concepts covered in an exercise. Menus require Flash.
- All videos have PDFs of the video slides and some have transcripts you can download, if you wish. The related links are at the bottom of the video web page.
- We highly recommend using the Mozilla's Firefox browser.
- **Controlling play speed:** Some of you will find the play speed of the videos too fast to comprehend, especially in the Balance Sheet chapter where with hindsight we recognize that we edited out too much white noise. There is a relatively low cost solution that allows you to slow down (or accelerate) the play speed: Enounce’s MySpeed Variable Speed Video Player. Here is the link
  
  [http://www.enounce.com/myspeed](http://www.enounce.com/myspeed)

Read

- Read the earlier section in this Course Map: Policies and Other Administrative Issues, page 6, and reference throughout the course as needed.

Watch – Summer Preparation

"What Do I See?" Express Route video on the balance sheet (16 minutes):


If you find you need more detailed explanations of concepts or examples of real-company applications to complete the exercises, view the relevant scenic route videos:


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1.“**Summer Preparation**” refers to the Pre-MBA suggested videos and exercises. If you didn’t complete these items, or otherwise want a review, consider these a priority in your class preparation.
Do

Links to exercise, exercise materials, and solutions

For most Navigating Accounting exercises, including the ones herein, the exercises’ web pages have links to the exercises, the materials needed to complete them, and solutions.

"What do I see?" exercises.

Practice exercises – Within course scope, but not discussed in class

- Exercise bs.wis.010 – Summer preparation
- Exercise bs.wis.020
- Exercise bs.wis.030 – Summer preparation
- Exercise bs.wis.040 – Summer preparation

Review – Summer Preparation

- Learning Objectives and Key Take-Aways
  [http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/2Wis/Documents/Acrobat/bs_wis_lob_key_takeaways.pdf](http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/2Wis/Documents/Acrobat/bs_wis_lob_key_takeaways.pdf)

Watch

"How Do I Use the Numbers? Analyzing Financial Conditions: Basics” Express Route video (14 minutes)


Two of the three scenic route videos are within the course scope: “Scenic Route Video 1. Financial Leverage” and “Scenic Route Video 2. Working Capital and Current Ratios.” View these if you find you need more detailed explanations of concepts or examples of real-company applications to complete the exercise:


Drill Deeper: The third scenic route (Asset Risks and Expected Returns) is beyond the course scope, but recommended if you’re planning a career in economics, finance, accounting or other areas where measurement and risk are important.
Do

"How Do I Use the Numbers?" exercises.

**Assigned exercise – highest priority for class discussion**

- Exercise bs.hun.afc.030 (The Mall Exercise) ignore probabilities and expected returns
  

**Practice exercise – Within course scope, but not discussed in class**

- Exercise bs.hun.afc.010
  

**Review**

- Learning Objectives and Key Take-Aways
  
  [http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/4_Hun/2_ana_fc/Documents/Acrobat/bs_hun_afc_lob_key_takeaways.pdf](http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/4_Hun/2_ana_fc/Documents/Acrobat/bs_hun_afc_lob_key_takeaways.pdf)

**Drill Deeper – Beyond course scope, but recommended for those seeking finance careers**

- Exercise bs.hun.afc.020
  

  *There is no solution to this problem.*

- Exercise bs.hun.afc.030 (The Mall Exercise) do probabilities and expected returns
  

  *There is no solution to this problem.*
Session 2: Introduction to record keeping and reporting

Watch – Summer Preparation

"What's Behind the Numbers?" Express Route video: Framing Record Keeping (12 minutes):


"What's Behind the Numbers?" Express Route video: Recording Entries Using BSE (12 minutes):


Do

"What's Behind the Numbers?" BSE-entry exercises

Paper or Paperless

For many of the exercises in Navigating Accounting, including the ones below, you have the option to complete the exercises on paper templates or in Excel templates.

To use the paper option, you will print templates from PDF files included with exercise materials at specified web sites. These templates and the Excel workbooks are included with the exercise materials on specified web sites.

To use the paperless option, you will fill in the same templates in Excel workbooks. These contain some or all of the data needed to complete the exercise.

If you are new to Excel or want to review the basics, watch Using Excel 1: Basics (26 minutes):

http://www.navigatingaccounting.com/spreadsheet/using-excel-1-basics

If you have a basic understanding of Excel, but do not know how to use the "new window," "arrange all windows," "freezing panes" features to efficiently link cells across worksheets, we suggest you watch Using Excel2: Linking Cells Across Worksheets (9 minutes):

**Assigned exercises – highest priority for class discussion**

- Exercise bs.wbn.bse.030 (Chancellor’s Sweet Treats)
  http://www.navigatingaccounting.com/exercise/exercise-bswnbse030
- Exercise bs.wbn.bse.040 (JP’s Smart Phone Accessories)
  http://www.navigatingaccounting.com/exercise/exercise-bswnbse040

**Come to class prepared – Know what you don’t know!**

- Tackle the exercises without peeking at the solutions.
- Check the solutions.
- Identify the things you don’t know and thus want clarified during class. Keep in mind you can record entries correctly without fully grasping how they relate to the underlying events.

**Practice exercises – Within course scope, but not discussed in class**

- Exercise bs.wbn.bse.010 (ABC Company) – Summer preparation
  http://www.navigatingaccounting.com/exercise/exercise-bswnbse010
- Exercise bs.wbn.bse.020 (CreativeABCs Company) – Summer preparation
  http://www.navigatingaccounting.com/exercise/exercise-bswnbse020
- Exercise bs.wbn.bse.050 (Bryan's Health & Fitness)
  http://www.navigatingaccounting.com/exercise/exercise-bswnbse050

**Review – Summer Preparation**

- Learning Objectives and Key Take-Aways
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/3Wbn/1_fra_rr/Documents/Acrobat/bs_wbn_fra_rr_lob_key_takeaways.pdf
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/3Wbn/2_rec_ent_bse/Documents/Acrobat/bs_wbn_bse_lob_key_takeaways.pdf

**Watch – Summer Preparation**

"What’s Behind the Numbers?" Express Route video: Recording Entries Using JE (13 minutes)
http://www.navigatingaccounting.com/video/express-recording-journal-entries
Do

"What's Behind the Numbers?" JE exercises

PDF templates and Excel workbooks are included with the exercise materials. However, these exercises ask you to record journal entries for the events you recorded with the BSE matrix in earlier exercises with related numbers (e.g., bs.wbn.je.010 is related to bs.wbn.bse.010). For this reason, you will likely find it more convenient to use the same Excel files here as you used earlier.

Assigned exercises – highest priority for class discussion

- Exercise bs.wbn.je.030 (Chancellor's Sweet Treats) : Part (a) only
  http://www.navigatingaccounting.com/exercise/exercise-bswbnje030
- Exercise bs.wbn.je.040 (JP's Smart Phone Accessories) : Part (a) only
  http://www.navigatingaccounting.com/exercise/exercise-bswbnje040

Practice exercises – Within course scope, but not discussed in class

- Exercise bs.wbn.je.010 (ABC Company) – Summer preparation
  http://www.navigatingaccounting.com/exercise/exercise-bswbnje010
- Exercise bs.wbn.je.020 (CreativeABCs Company) – Summer preparation
- Exercise bs.wbn.je.050 (Bryan's Health & Fitness)
  http://www.navigatingaccounting.com/exercise/exercise-bswbnje050

Review – Summer Preparation

- Learning Objectives and Key Take-Aways
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_02_bs/Wbn/3_rec_ent_je/Documents/Acrobat/bs_wbn_je_lob_key_takeaways.pdf
Session 3: Group assignment 1 – Analyzing balance sheets (Mini Case)

Watch

"How Do I Use the Numbers? Analyzing Financial Conditions: Basics”

- Select menu items in Financial Leverage scenic route video (6.5 minutes)
  - Introduction
  - Financial Leverage
  - Missing or miss-measured items


- Select menu items in Working Capital and Current Ratio scenic route video (4.5 minutes)
  - Introduction
  - Working capital
  - Current ratio


- Select menu item in Asset Risks and Expected Returns scenic route video (11.5 minutes)
  - Intel analysis


Read

“The Toulmin Model of Argumentation” (5 pages)


The assigned exercise, and others throughout the course, asks you to structure arguments using the Toulmin Model. Don’t be overly concerned if you find the model difficult to comprehend or apply early on. It may take you and your classmates awhile to get the hang of it, but once you do we’re confident the class discussions will benefit greatly. In the meantime, if you would like additional examples or alternative explanations, we recommend the three videos by Keith Green listed in the Additional Resources section of the assigned reading.

Do

Assigned exercise – highest priority for class discussion

- Exercise bs.hun.afc.040: Analyzing balance sheets and financial condition (Analysis Mini-Case)

  http://www.navigatingaccounting.com/exercise/exercise-bshunafc040

  You are to submit a written report following the guidance on page 13.
Session 4: Introduction to Income statements and statements of changes in owners’ equity

Watch – Summer Preparation

"What Do I See: Income Statements?" Express Route video (31 minutes)

http://www.navigatingaccounting.com/video/express-what-do-i-see-income-statements

If you find you need more detailed explanations of concepts or examples of real-company applications to complete the exercises below, view the relevant scenic route videos:

http://www.navigatingaccounting.com/book/income-statements#wis_is

Do

"What Do I See: Income Statements?" exercises

Practice exercises – Within course scope, but not discussed in class

- Exercise is.wis.is.010 – Summer preparation
  http://www.navigatingaccounting.com/exercise/exercise-iswisis010

- Exercise is.wis.is.020 – Summer preparation

- Exercise is.wis.is.030
  http://www.navigatingaccounting.com/exercise/exercise-iswisis030

- Exercise is.wis.is.040
  http://www.navigatingaccounting.com/exercise/exercise-iswisis040

Review – Summer Preparation

- Learning Objectives and Key Take-Aways
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_03_is/2Wis/1_is/Documents/Acrobat/is_wis_is_lob_key_takeaways.pdf

Watch

"What Do I See: Statements of Changes in Owners’ Equity?" Express Route video


If you find you need more detailed explanations of concepts or examples of real-company applications to complete the exercises, view the relevant scenic route videos:

http://www.navigatingaccounting.com/book/income-statements#wis_scoe
Do

"What Do I See: Statements of Changes in Owners’ Equity?" exercises

Assigned exercise – highest priority for class discussion

- Exercise is.wis.scoe.022 (Intel’s OEC Map)
  
  http://www.navigatingaccounting.com/exercise/exercise-iswisscoe022

  No solution is posted to Navigating Accounting but one will be posted to BBV after class.

Practice exercises – Within course scope, but not discussed in class

- Exercise is.wis.scoe.010
  
  http://www.navigatingaccounting.com/exercise/exercise-iswisscoe010

- Exercise is.wis.scoe.030
  
  http://www.navigatingaccounting.com/exercise/exercise-iswisscoe030

Review

- Learning Objectives and Key Take-Aways
  
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_03_is/2Wis/2_scoe/Documents/Acrobat/is_wis_scoe_lob_key_takeaways.pdf
Session 5: Record keeping and reporting related to income statements and statements of changes in owners’ equity

Watch – Summer Preparation

"What’s Behind the Numbers: Income Statements?’ Express Route: select menu items (26.5 minutes)

http://www.navigatingaccounting.com/video/express-whats-behind-income-statements

Recommended menu items:
- Introduction (0.5 minutes)
- Revenues (11.5 minutes)
- Expenses (7.5 minutes)
- Accrual accounting: accounting cycle (2.5 minutes)
- Accrual accounting: accruals (1.5 minutes)
- Accrual accounting: deferrals (0.5 minutes)
- Creating income statements (2.5 minutes)

If you find you need more detailed explanations of concepts or examples of real-company applications to complete the exercises below, view the relevant scenic route videos:

http://www.navigatingaccounting.com/book/income-statements#wbn_is

Do

"What’s Behind the Numbers: Income Statements?’ exercises

Assigned exercise – highest priority for class discussion
- Exercise is.wbn.is.je.050 (Best Buy)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnisje050

Come to class prepared – Know what you don’t know!
- Tackle the exercises without peeking at the solutions.
- Check the solutions.
- Identify the things you don’t know and thus want clarified during class. Keep in mind you can record entries correctly without fully grasping how they relate to the underlying events.

Practice exercises – Within course scope, but not discussed in class
- Exercise is.wbn.is.bse.010 (ABC Company) – Summer preparation
  http://www.navigatingaccounting.com/exercise/exercise-iswbnisbse010
- Exercise is.wbn.is.je.010, part (a) only (ABC Company) – Summer preparation
  http://www.navigatingaccounting.com/exercise/exercise-iswbnisje010
Review – Summer Preparation

- Learning Objectives and Key Take-Aways
  
  [http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_03_is/3 Wbn/1_is/Documents/Acrobat/is_wbn_is_lob_key_takeaways.pdf](http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_03_is/3 Wbn/1_is/Documents/Acrobat/is_wbn_is_lob_key_takeaways.pdf)

Watch

"What's Behind the Numbers: Statement of Changes in Owners’ Equity?" Express video (15 minutes)


If you find you need more detailed explanations of concepts or examples of real-company applications to complete the exercises below, view the relevant scenic route videos:
Do

"What's Behind the Numbers: Statement of Changes in Owners’ Equity?" exercises.

Assigned exercise – Discussed during class, time permitting

- Exercise is.wbn.scoe.je.050 (Exxon Mobil)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnscoeje050

Come to class prepared – Know what you don’t know!

Practice exercises – Within course scope, but not discussed in class

- Exercise is.wbn.scoe.bse.010 (ABC Company)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnscoebse010
- Exercise is.wbn.scoe.je.010 (ABC Company)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnscoeje010
- Exercise is.wbn.scoe.bse.020 (CreativeABCs Company)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnscoebse020
- Exercise is.wbn.scoe.je.020 (CreativeABCs Company)
- Exercise is.wbn.scoe.bse.030 (Bryan’s Health & Fitness)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnscoebse030
- Exercise is.wbn.scoe.je.030, part (a) only (Bryan’s Health & Fitness)
  http://www.navigatingaccounting.com/exercise/exercise-iswbnscoeje030
- Exercise is.wbn.scoe.bse.040 (Bischoff Global Sportswear)

Review

- Learning Objectives and Key Take-Aways
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_03_is/3Wbn/2_scoe/Documents/Acrobat/is_wbn_scoe_lob_key_takeaways.pdf
Session 6: Group assignment 2 – Analyzing Financial performance (Major Case)

Watch

"How Do I Use the Numbers: Analyzing Financial Performance: Basics?" Scenic video


Recommended menu items (15.6 minutes total):
- Introduction (2.3 minutes)
- DuPont model (2.3 minutes)
- Profit margins (2.0 minutes)
- Gross margins (1.0 minutes)
- Common size statements (8 minutes)

Drill Deeper: The Line items menu item centers on a topic that is beyond the course scope (the income-statement consequences of changes in control of significant subsidiaries) but recommended if you’re planning a career in economics, finance, or accounting.

Do

Industry Comparisons Exercises: Series 05

Exercise 2: Analyzing Income Statements


This link takes you to the Industry Comparisons Exercises: Series 05 web page. Scroll down the page and click on Exercise 2: Analyzing income statements. You are to submit a written report following the guidance on page 13.

Review

- Learning Objectives and Key Take-Aways

http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_03_is/4 Hun/1_afp/Documents/Acrobat/is_hun_afplob_key_takeaways.pdf
Session 7: Introduction to cash flow statements

Watch

"What Do I See: Cash Flow Statements?" Express route video


Recommended menu items (11 minutes total):
- Introduction (1 minute)
- Direct cash flows (10 minutes)

"What Do I See: Cash Flow Statements?" Indirect Cash Flow Statements scenic route video

http://www.navigatingaccounting.com/video/scenic-indirect-cash-flow-statements

Recommended menu items (10 minutes total):
- Direct versus indirect (5.5 minutes)
- Reconciliation (4.5 minutes)

Do

"What Do I See: Cash Flow Statements?" exercises.

Practice exercises – Within course scope, but not discussed in class
- Exercise cs.wis.010
  http://www.navigatingaccounting.com/exercise/exercise-cswis010
- Exercise cs.wis.020
- Exercise cs.wis.030
  http://www.navigatingaccounting.com/exercise/exercise-cswis030

Review

- Learning Objectives and Key Take-Aways
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_04_cs/2Wis/Documents/Acrobat/cs_wis_lob_key_takeaways.pdf

Watch

"What’s Behind the Numbers: Cash Flow Statements?" Cash flow statement: basics – Big Picture Scenic route video

http://www.navigatingaccounting.com/video/scenic-big-picture-easylearn-cash-flow-statements
Recommended menu items (17 minutes total):
- Introduction (2 minutes)
- Events (2 minutes)
- BSE matrix (2.5 minutes)
- SCF effects – entry by entry – sale on account (10.5 minutes)

Do

"What’s Behind the Numbers: Cash Flow Statements?” exercises.

**Assigned exercise – highest priority for class discussion**
- Exercise cs.wbn.bas.020 – Bryan’s Health and Fitness and Intel: E11-E13 only for Parts I&II

**Practice exercises – Within course scope, but not discussed in class**
- Exercise cs.wbn.bas.010 – ABC Company: Part I only

  Note: E3, purchasing inventory on account, has two offsetting “redundant” reconciliation adjustments in the operating section of the indirect cash flow statement. We will study redundant adjustments in the next module. For now all you need to know is: (1) they are “redundant” because purchasing inventory on account doesn’t affect income and it doesn’t affect cash from operations. Thus, no difference between income and cash from operations needs to be reconciled; (2) the adjustments offset each other, meaning their net effect is $0; and (3) they are included for legacy reasons that will be explained in the next module.

- Exercise cs.wbn.bas.020 – Bryan’s Health and Fitness and Intel: events E1-E10 & E14-E16

Watch

"What’s Behind the Numbers: Cash Flow Statements?” Cash flow statement: basics – Express route video


Recommended menu items (9 minutes total):
- Grouping (4 minutes)
- Reconciliation equation (1 minute)
- Reconciliation equation – connection to BSE (1.5 minutes)
- Reconciliation equation – adjustment signs (2.5 minutes)
Do


**Assigned exercise – highest priority for class discussion**

- Exercise cs.wbn.bas.030 – Bryan’s Health and Fitness, Apple, Microsoft and Intel
  

**Practice exercise – Within course scope, but not discussed in class**

- Exercise cs.wbn.bas.010 – ABC Company: Part II only
  
Session 8: Creating cash flow statements, R&R Map, and SCF Entry Map

Watch

"What’s Behind the Numbers: Cash Flow Statements?" Cash flow statement: basics – Record-Keeping and Reporting Map Scenic route video


Recommended menu items (7.5 minutes total):
- Creating statements – balance sheet (1.5 minutes review)
- Creating statements – income statement (0.5 minutes review)
- Creating statements – statement of changes in OE (1 minute review)
- Creating statements – direct cash flow statement (1 minute)
- Creating statements – indirect cash flow statement (3.5 minutes)

Do

Practice exercises – Within course scope, but not discussed in class
- Exercise cs.wbn.bas.040 – CreativeABCs: Parts I and II only
  http://www.navigatingaccounting.com/exercise/exercise-cswbnbas040
- Exercise cs.wbn.bas.050 – Bryan’s Health & Fitness: Part I only
  http://www.navigatingaccounting.com/exercise/exercise-cswbnbas050

Watch

"What’s Behind the Numbers: Cash Flow Statements?" Cash flow statement: basics – Record-Keeping and Reporting Map Scenic route video


Recommended menu items (12.5 minutes total):
- Connecting statements (4.5 minutes)
- R&R Map (1.5 minutes)
- Bischoff R&R Map (1.5 minutes)
- Bischoff versus EasyLearn R&R Map (5 minutes)

Do

Practice exercise – Within course scope, but not discussed in class
- Exercise cs.wbn.bas.040 – CreativeABCs: Part III
  http://www.navigatingaccounting.com/exercise/exercise-cswbnbas040
Watch

"What’s Behind the Numbers: Cash Flow Statements?" Cash flow statement: basics – Express route

http://www.navigatingaccounting.com/video/express-cash-flow-statements-basics

Recommended menu item
- Limitations & possible violations (4 minutes)

Do

Assigned exercise – highest priority for class discussion
- Exercise cs.wbn.bas.060 – Procter and Gamble
  http://www.navigatingaccounting.com/exercise/exercise-cswbnbas060

Practice exercise – Within course scope, but not discussed in class
- Exercise cs.wbn.bas.050 – Bryan’s Health & Fitness: Parts II and III
  http://www.navigatingaccounting.com/exercise/exercise-cswbnbas050

Review

- Learning Objectives and Key Take-Aways

Watch

"What’s Behind the Numbers: Cash Flow Statements?" Statement of Cash Flows Entry Map – Express route video

http://www.navigatingaccounting.com/video/express-scf-entry-map

Recommended menu items (3 minutes total):
- Introduction (1 minute)
- Purpose (1 minute)
- Routes: Using SCF Entry Map’s Routes (1 minute)

"What’s Behind the Numbers: Cash Flow Statements?" Statement of Cash Flows Entry Map – Route 3 scenic route video

http://www.navigatingaccounting.com/video/scenic-route-3-scf-entry-map

Recommended menu items (4.5 minutes total):
- Introduction (0.5 minutes)
- Characteristics of route (1 minute)
- Example entry (1 minute)
• Example entry’s SCF effects (1 minute)
• R&R Map (1 minute)

Assigned exercise – highest priority for class discussion
• Exercise cs.wbn.map.020 – Bischoff and Daimler: Entries E14 and E15

Practice exercises – Within course scope, but not discussed in class
• Exercise cs.wbn.map.010 – Bischoff and Intel: Entries E1-E15, except for E4 and E9
  http://www.navigatingaccounting.com/exercise/exercise-cswbnnmap010
• Exercise cs.wbn.map.020 – Bischoff and Daimler: Entries E1-E13, except for E4 and E9

Watch
"What’s Behind the Numbers: Cash Flow Statements?" Statement of Cash Flows Entry Map – Route 4 scenic route video
  http://www.navigatingaccounting.com/video/scenic-route-4-scf-entry-map

Recommended menu items (9.5 minutes total):
• Introduction (1 minute)
• Characteristics of route (1.5 minutes)
• Example 1 entry (1 minute)
• Example 1 entry’s SCF effects (2 minutes)
• Example 2 entry (2 minutes)
• Example 2 entry’s SCF effects (1 minute)
• R&R Map (1 minute)

Assigned exercise – highest priority for class discussion
• Exercise cs.wbn.map.020 – Bischoff and Daimler: Entry E9 only

Practice exercises – Within course scope, but not discussed in class
• Exercise cs.wbn.map.010 – Bischoff and Intel: Entries E4 and E9
  http://www.navigatingaccounting.com/exercise/exercise-cswbnnmap010
• Exercise cs.wbn.map.020 – Bischoff and Daimler: Entry E4
Watch

"What’s Behind the Numbers: Cash Flow Statements?" Statement of Cash Flows Entry Map – Route 5 scenic route video

http://www.navigatingaccounting.com/video/scenic-route-5-scf-entry-map

Recommended menu items (7 minutes total):

- Introduction (1 minute)
- Characteristics of route (1 minute)
- Example entry (1.5 minutes)
- Example entry’s SCF effects (2 minutes)
- R&R Map (1.5 minutes)

Assigned exercise – highest priority for class discussion

- Exercise cs.wbn.map.030 – Daimler: Part V only
  http://www.navigatingaccounting.com/exercise/exercise-cswbnmap030

Practice exercises – Within course scope, but not discussed in class

- Exercise cs.wbn.map.010 – Bischoff and Intel: Entry E16
  http://www.navigatingaccounting.com/exercise/exercise-cswbnmap010
- Exercise cs.wbn.map.020 – Bischoff and Daimler: Entry E16
- Exercise cs.wbn.map.030 – Daimler: Parts I-IV only
  http://www.navigatingaccounting.com/exercise/exercise-cswbnmap030
- Exercise cs.wbn.map.040 – TJX
  http://www.navigatingaccounting.com/exercise/exercise-cswbnmap040

Review

- Learning Objectives and Key Take-Aways
  http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_04_cs/3Wbn/3_map/Documents/Acrobat/cs_wbn_map_lob_key_takeaways.pdf
Session 9: Group assignment 3 – Analyzing Cash Flow Statements (Mini Case)

Read

"How do I Use the Numbers: Analyzing Cash Flow Statements: Basics”

http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_04_cs/4Hun/2_acf/Documents/Acrobat/cs_hun_excerpt_v01.pdf

The assigned reading is below the exercises: “Excerpt: Analyzing Cash Flows Basics”

- Grasp: page 2
- Skim: pages 3 - 5 (until the start of Cash Flow Analysis and Company Life Cycles)
- Grasp: pages 5 - 8

Do

Assigned exercise – highest priority for class discussion

- Exercise cs.hun.acf.030

http://www.navigatingaccounting.com/exercise/exercise-cshunacf030

You are to submit a written report following the guidance on page 13.
Session 10: Customer-related allowances: Bad debts and warranties

Read
We have yet to create videos for customer-related allowances. However, these topics are covered in a written document, *Revenue and Customer-Related Balance Sheet Concepts*, along with other topics we will not be covering in this course:


- Skim: pages 4-8 (starting with Risks and Risk Sharing)
- Skim: pages 10-11 (starting with Accounting Implication of Risks)
- Skim: page 16 (through to the start of Discounts for Early Payments)
- Skim: pages 18-19 (return to the assumptions as needed to comprehend the examples)
- Grasp: pages 20-21 (parts (a) and (b) of the example – no collateral)
- Skim: pages 21-22 (parts (d) and (e) of the example – collateral)
- Master: page 22 (part (f) of the example – connection to credit risk)
- Skim: pages 22-23 (starting with Recovering Write-offs)
- Master: pages 23-26 (starting with Example)

Do

Practice exercises – Within course scope, but not discussed in class

- Exercise rv.wbn.rec.010 – Bischoff and Intel
  http://www.navigatingaccounting.com/exercise/exercise-rvwbnnrec010
- Exercise rv.wbn.rec.030 – Neal Company
  http://www.navigatingaccounting.com/exercise/exercise-rvwbnnrec030

Read

- Grasp: pages 27-30 (through Measuring and Calibrating Credit Risk)
- Skim: remainder of page 30 and page 31

Do

Assigned exercise – highest priority for class discussion

- Exercise rv.wbn.rec.020 – HP
  http://www.navigatingaccounting.com/exercise/exercise-rvwbnnrec020
Read

- Skim: pages 32-33 (through the start of Standard Warranties section)
- Grasp: remainder of page 33 – start of example on page 34
- Master: example on pages 34-36
- Skim: page 37

Do

**Assigned exercise – highest priority for class discussion**

- Exercise rv.wbn.war.010 – HP
  

Review

- Grasp: pages 62-64

Drill Deeper

- Optional: pages 38-61

This section of the chapter centers on a very challenging topic, accounting for product returns. One reason this topic is challenging is the related standards are vague. As we have seen, the entries and financial-statement presentations for bad debts and warranties are largely standardized. By contrast, companies have considerable latitude when accounting for product returns and, as a result, analyzing the related financial statement effects can be problematic.

Another reason this section is optional is product returns tend to be relatively insignificant for most companies. The exceptions are high end retailers such as Saks and Nordstrom and publishers such as Wiley. This contrasts with bad debts and warranties, which are significant in many industries.
Session 11: Long-term assets, long-term debt, and leases

Read

We have yet to created videos for most of the topics in this session. However, these topics are covered in a written document, Accounting for Long-term Assets, Long-term Debt, and Leases:

http://www.navigatingaccounting.com/sites/default/files/Posted/Chapters/Ch_10_db/3%20Wbn/6_txt/Documents/Acrobat/Long-term_assets_long-term_debt_leases.pdf

- Skim: pages 2-3 (to the start of Intangibles)
- Grasp: pages 3-7 (from the start of Intangibles to the end of the impairments discussion)
- Skim: page 7-8 (from the start of the revaluations discussion to the start of the Long-term Debt)

Do

Assigned exercise

- Exercise la.wbn.020 – HP

Practice exercise

- Exercise la.wbn.010 – Bischoff and Intel
  http://www.navigatingaccounting.com/exercise/exercise-lawbn010

Read

- Grasp: pages 8-11 (through the start of Leases)

Do

Assigned exercise

- Exercise db.wbn.basics.020 – Darden Restaurants: Part I: (a)-(c) and Part II: (f)-(h)

Practice exercise

- Exercise db.wbn.basics.010 – Bischoff
  http://www.navigatingaccounting.com/exercise/exercise-dbwbnbasics010

Read

- Skim: pages 11-12 (from the start of Leases to the start of Initial Measurement of a Lease)
- Grasp: pages 12-15
The remainder of the guidance for this session is optional

Drill Deeper – Beyond course scope

- **Proposed Updates for Lease Accounting**
  
  **Read**
  
  - Pages 16-17 of the assigned reading for this session (*Accounting for Long-term Assets, Long-term Debt, and Leases*) previews proposed updates to lease accounting under US GAAP and IFRS that will dramatically change many companies’ balance sheets.

- **Bonds: computations and entries**
  
  **Watch**
  
  "What's Behind the Numbers?" Bonds video [20 min]
  

  **Do**

  Optional bonds problems

  - Exercise db.wbn.bonds.010.
    

  - Exercise db.wbn.bonds.011.
    

  - Exercise db.wbn.bonds.020.
    

  - Exercise db.wbn.bonds.030.
    

- **Leases: computations, entries and analysis**

  **Watch**

  “Capitalizing Operating Leases” [45 min]

Do

Optional leases problems

- Exercise db.wbn.leases.010.
  [link](http://www.navigatingaccounting.com/exercise/exercise-dbwbntleases010)
- Exercise db.wbn.leases.020.
  [link](http://www.navigatingaccounting.com/exercise/exercise-dbwbntleases020)
- Exercise db.wbn.leases.030.
  [link](http://www.navigatingaccounting.com/exercise/exercise-dbwbntleases030)
- Industry Comparisons Exercises: Series 04: Exercise 7: Leases and Ratio Analyzes

This link takes you to the Industry Comparisons Exercises: Series 04 web page. Scroll down the page and click on Exercise 7: Leases and Ratio Analyzes.
Session 12: Group assignment 4 – Recognition and measurement (Mini Case)

In this session, we will revisit the Kansas City Zephyrs Baseball Club case discussed during orientation, but through the lens of current accounting guidance for business combinations (which includes acquiring another company). In the process, we will introduce measurement and recognition concepts that apply to the case, but are not discussed therein. The overarching goals of the session are to give you a better appreciation for the judgments behind reported numbers and for how the course concepts and the many exercises you completed have improved your capacity to analyze cases involving accounting issues.

Read

- Background information in the assigned exercise below
- Kansas City Zephyrs case, as needed to respond to questions in the assigned exercise. If you have misplaced the case since orientation, you can purchase it at: [http://hbr.org/product/kansas-city-zephyrs-baseball-club-inc/an/187088-PDF-ENG](http://hbr.org/product/kansas-city-zephyrs-baseball-club-inc/an/187088-PDF-ENG)

Do

- **Assigned exercise**
  Exercise la.hun.010.
  

You are to submit a written report following the guidance on page 13.
Session 13: Group assignment 5 – Reflections

The Big Accounting Picture

Watch

“Reporting Incentives and Challenges” scenic route video of the “Connecting Preparers’ and Users” module of the "How do I use the numbers?” section of the balance sheet chapter


Recommended menu items (15.5 minutes total):

- Introduction (1.5 minutes)
- Conflicts of interest (4.5 minutes)
- Users’ Challenge (4.5 minutes)
- Take aways (5 minutes)

Do

Assigned exercise

Industry Comparisons Exercises: Exercise 8: Time to Reflect


Scroll down the page and click on Exercise 8: Time to Reflect. You are to submit a written report following the guidance on page 13.

The remainder of the guidance for this session is optional

Drill Deeper – Beyond course scope

- The factors driving the dispersion of actual measures

Watch


- The bigger picture

Watch

“Live Your Life to the Fullest” playlist on the Navigating Accounting YouTube channel:

http://www.youtube.com/user/navigatingaccounting?feature=mhum

This playlist is based on the final lecture we gave in this and other courses for well over a decade. In response to requests from past students, we posted the principles to YouTube. Students have frequently told us that the principles helped them gain perspective going into the final exams.